

Message Text

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11

ORIGIN PM-04

INFO OCT-01 ISO-00 AF-06 ARA-06 EA-07 EUR-12 NEA-10 ACDA-05

L-03 CIAE-00 H-02 INR-07 NSAE-00 NSC-05 PA-01 PRS-01

SP-02 SS-15 USIA-06 MC-02 TRSE-00 OMB-01 COME-00 EB-07

AID-05 IGA-01 /109 R

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DRAFTED BY: DOD/DSAA-CAPT CANTACUZENE-PM/; - -ASKOCHANЕК

APPROVED BY: PM/SAS-SWINSHIP

ARA/PLC-MR WILLIAMS SUBS

EUR/RPM-MR REHFELD SUBS

NEA/RA-MR PADEFORD SUBS

ACDA-MR FINEGOLD SUBS

EA/RA-MR FINCH SUBS

AF/PPC-MR ANDEREGG SUBS

L/PM-MR MICHEL SUBS

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R 181624Z SEP 75

FM SECSTATE WASHDC

TO AMEMBASSY BRASILIA

AMEMBASSY BUENOS AIRES

AMEMBASSY BOGOTA

AMEMBASSY SAN JOSE

AMEMBASSY SANTO DOMINGO

AMEMBASSY SAN SALVADOR

AMEMBASSY PORT AU PRINCE

AMEMBASSY TEGUCIGALPA

AMEMBASSY MEXICO CITY

AMEMBASSY MANAGUA

AMEMBASSY ASUNCION

AMEMBASSY LIMA

AMEMBASSY MONTEVIDEO

AMEMBASSY CARACAS

AMEMBASSY ADDIS ABABA

AMEMBASSY PORT LOUIS

AMEMBASSY JAKARTA

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AMEMBASSY TOKYO

AMEMBASSY SEOUL

AMEMBASSY MANILA

AMEMBASSY TAIPEI

AMEMBASSY SINGAPORE
AMEMBASSY BANGKOK
AMEMBASSY ATHENS
AMEMBASSY REYKJAVIK
AMEMBASSY ROME
AMEMBASSY VALLETTA
AMEMBASSY LISBON
AMEMBASSY MADRID
AMEMBASSY TEHRAN
AMEMBASSY ISLAMABAD
CNO WASHDC
CINCPAC HONO HI
USCINCEUR
ISCINCSO QUARRY HEIGHTS
INFO AMEMBASSY SANTIAGO
AMEMBASSY PANAMA
AMEMBASSY QUITO
AMEMBASSY ANKARA
AMEMBASSY WELLINGTON
CINCPACFLT MAKALAPA HI
CINCUSNAVEUR LONDON UK
COMUSNAVSO FT AMADOR CZ
OCEAN NAV ALEX VA
SECNAV WASHDC
DSAA

C O N F I D E N T I A L STATE 222561

C O R R E C T E D C O P Y-CORRECTION TO PARA SIX LINE NINE
FOURTH WORD

E.O. 11652: GDS

TAGS: MASS, AR, BR, CI, TW, CO, CS, DR, EC, ES, ET, GR,
HA, HO, IC, ID, IT, JA, KS, MT, MP, MX, NZ, NU, PK, PN, PA,
PE, RP, PO, SN, SP, TH, TU, UY, VE.

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SUBJECT: SALE OF USN SHIPS/CRAFT ON LOAN/LEASE

REF: STATE 190667 OX 19 OCT 1972

JOINT STATE/DEFENSE MESSAGE

1. IN NOVEMBER 1972 POLICY WAS ESTABLISHED TO SELL THE USN
SHIPS/CRAFT WHICH ARE ON LOAN OR LEASE AND NO LONGER RE-
QUIRED TO MEET USN MOBILIZATION NEEDS. SALE PROPOSED AS
LOAN/LEASE EXPIRED OR EARLIER IF POSSIBLE. PURPOSE OF
POLICY TO:

A. TERMINATE BORROWER/LENDER RELATIONSHIPS.

B. REMOVE REMOTE POSSIBILITY OF USG RECALL THEREBY ENCOURAGING SELF RELIANCE ON PART OF COUNTRIES BY FULLY INTEGRATING EX U.S. INITIATIONS INTO HOST FLEET SUPPORT AND PLANNING POLICY.

C. SIMPLIFY ADMINISTRATION OF THE SHIP TRANSFER PROGRAM WITH CORRESPONDING SAVINGS TO BOTH USG AND BORROWER.

2. AT THAT TIME, HOST GOVERNMENTS WERE INFORMED OF THIS POLICY AND LOANED/LEASED SHIPS NOT REQUIRED FOR USN MOBILIZATION WERE MADE AVAILABLE FOR SALE. SINCE THAT TIME USN MOBILIZATION REQUIREMENTS AND MODERNIZATION PLANS HAVE BEEN REVIEWED AND WITH THE BELOW LISTED EXCEPTIONS, ALL REPEAT ALL LOANED/LEASED SHIPS/CRAFT ARE FOR SALE UPON LOAN/LEASE EXPIRATION OR EARLIER IF REQUESTED BY THE HOST GOVERNMENTS. EXCEPTIONS ARE:

SHIP.....COUNTRY

EX-DAVIS (AGOR-5).....NEW ZEALAND

EX-SANDS (AGOR-6).....BRAZIL

EX-KELLAR (AGS-25).....PORTUGAL

3. INVENTORY OF USN SHIPS/CRAFT NOW ON LOAN/LEASE TO HOST GOVERNMENT AS WELL AS ESTIMATED SALE PRICES BEING SENT ADDRESSEES VIA AIR POUCH. OFFICIAL SALE PRICES WILL BE FIXED UPON OFFICIAL GOVERNMENT REQUEST TO PURCHASE AND CONFIDENTIAL

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WILL BE BASED ON THE CURRENT DEFENSE DISPOSAL PRICE (SCRAP METAL VALUE PLUS CHARGES FOR RESIDUAL EQUIPMENT REMAINING ON BOARD) OR IN A FEW EXCEPTIONAL CASES OF THE NEWEST UNITS THE AMORTIZED REPLACEMENT COST.

4. WASHINGTON AGENCIES HAVE NOW MADE POLICY DECISION TO ENCOURAGE COUNTRIES DESIRING TO RETAIN THESE SHIPS AFTER EXPIRATION OF CURRENT AGREEMENTS, TO PURCHASE THEM AS THOSE AGREEMENTS EXPIRE, OR EARLIER IF COUNTRY DESIRES. ACTION EMBASSIES SHOULD ADVISE DEPARTMENT AND RESPONSIBLE MAJOR UNIFIED COMMAND WHETHER OR NOT THERE IS ANY OBJECTION TO PROCEEDING PROMPTLY WITH NOTIFICATION TO HOST GOVERNMENT.

5. IF THERE IS NO OBJECTION BY EMBASSY, MAJOR MILITARY COMMANDS AND EMBASSIES SHOULD PROCEED TO INFORM HOST GOVERNMENT THROUGH DIPLOMATIC AND MILITARY CHANNELS, AS JOINTLY AGREED, OF FOREGOING US POLICY AND REQUEST ITS DECISION ON DISPOSITION OF SHIPS.

6. NOTIFICATIONS TO HOST GOVERNMENT SHOULD SPECIFY THAT

USG SALES ARE SUBJECT TO US LEGAL REQUIREMENTS, PARTICULARLY BYRD AMENDMENT (10 USC 7307). PROVISIONS OF BYRD AMENDMENT APPLY TO ALL SHIPS/CRAFT OTHER THAN THOSE ACQUIRED UNDER MILITARY ASSISTANCE PROGRAM (MAP) AND OFF-SHORE PROCUREMENT (OSP). AMENDMENT REQUIRES SPECIFIC LEGISLATION FOR THE SALE, LOAN, OR LEASE OF ANY US VESSEL OVER 2,000 TONS OR LESS THAN 20 YEARS OF AGE. FOR VESSELS UNDER 2,000 TONS AND OVER 20 YEARS OF AGE, PRIOR 30 DAY NOTICE TO CONGRESS REQUIRED. TEXT OF BYRD AMENDMENT BEING POUCHED.

7. EMBASSY AND MILITARY REPS SHOULD NOT LEAVE IMPRESSION WITH HOST GOVERNMENTS THAT CONGRESSIONAL ACQUIESCENCE AND/OR APPROVAL IS ASSURED FORMALITY. WE ARE UNDERTAKING INFORMAL CONSULTATIONS WITH CONGRESSIONAL STAFF AND SUBCOMMITTEE MEMBERS IN HOPES OF CREATING MORE UNDERSTANDING CLIMATE, BUT WE EXPECT CONTINUING NEED TO ANTICIPATE DIFFICULTIES. AS PART OF THIS PROCESS TIMING OF SUBMISSION OF NOTIFICATIONS AND PROPOSED BILLS MAY BE DELAYED FOR TACTICAL REASONS, RESULTING IN SUBSTANTIAL TIME LAGS. CONFIDENTIAL

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THESE FACTORS MAY AS APPROPRIATE BE REFLECTED IN DISCUSSIONS WITH SENIOR LEVELS OF HOST GOVERNMENT TO AVOID SUBSEQUENT EMBARRASSMENT ARISING FROM UNWARRANTED EXPECTATIONS.

8. FOR SANTIAGO AND ANKARA: NO ACTION SHOULD BE TAKEN UNTIL SPECIFIC INSTRUCTIONS RECEIVED.

9. FOR BRASILIA, LIMA AND QUITO: PRESENT POLICY OF EXECUTIVE BRANCH TO SELL SHIPS OR CRAFT TO CERTAIN LATIN AMERICAN COUNTRIES HAS GOOD CHANCE OF BEING UPSET BY CONGRESS WHICH IS SENSITIVE TO STRONG DOMESTIC PRESSURES FROM FISHING INTERESTS. IN CASES OF SHIP TRANSFERS REQUIRING ENACTMENT OF LEGISLATION, CONGRESSIONAL ATTITUDES WILL BE OVERRIDING. EVEN IN CASES REQUIRING ONLY CONGRESSIONAL NOTIFICATION, WE CANNOT IGNORE AN ADVERSE CONGRESSIONAL RECOMMENDATION. IN A RECENT CASE INVOLVING PANAMA, A HOUSE SUBCOMMITTEE VOTED TO RECOMMEND THAT AN LCM BE LOANED OR LEASED RATHER THAN SOLD. CONGRESSMEN INTERESTED IN THE FISHING BOAT SEIZURE QUESTION ARGUED THAT THE US RIGHT TO RECALL A SHIP ON LOAN OR LEASE, EVEN IF NEVER EXERCISED, AT LEAST PROVIDES SOME POTENTIAL LEVERAGE FOR USE IN FUTURE. SAME SUBCOMMITTEE LATER VOTED AGAINST LOAN OF THREE LCM'S TO PANAMA AND TRANSFER OF AN LST TO ECUADOR. FOR SHIPS OR CRAFT PRESENTLY ON LOAN OR LEASE, OUR ONLY ALTERNATIVES IN LIEU OF SALE ARE RENEWAL OF EXISTING LOAN OR LEASE, WHICH WOULD INVOLVE NOTIFICATION TO CONGRESS UNDER BYRD AMENDMENT, OR RECALL. BEFORE DISCUSSING SHIP TRANSFER QUESTIONS WITH HOST GOVERNMENT, EMBASSIES REQUESTED COMMENT ON ALTERNATIVES DISCUSSED ABOVE.

10. GOVERNMENTAL REQUEST TO PURCHASE RESIDUAL RIGHTS TO
MILITARY ASSISTANCE PROGRAM (MAP) AND OFFSHORE PROCUREMENT
(OSP) VESSELS, WHICH IS NOT COVERED BY THIS INSTRUCTION,
SHOULD BE ADDRESSED ACTION TO SECDEF WITH CNO AND STATE
AS INFO ADDRESSE. KISSINGER

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Disposition Approved on Date:
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BUENOS AIRES
BOGOTA
SAN JOSE
SANTO DOMINGO
SAN SALVADOR

PORT AU PRINCE
TEGUCIGALPA
MEXICO CITY
MANAGUA
ASUNCION
LIMA
MONTEVIDEO
CARACAS
ADDIS ABABA
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TEHRAN
ISLAMABAD
CNO
CINCPAC HONO HI
USCINCEUR
ISCINCSO QUARRY HEIGHTS INFO SANTIAGO
PANAMA
QUITO
ANKARA
WELLINGTON
CINCPACFLT MAKALAPA HI
CINCUSNAVEUR LONDON UK
COMUSNAVSO FT AMADOR CZ
OCEAN NAV ALEX VA
SECNAV
DSAA
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